

UNIFIED SCHOOL DISTRICT NO. 387

Altoona, Kansas

Financial Statements  
and  
Supplemental Information  
with

Report of Independent Auditors

For the Year Ended June 30, 2011

Unified School District No. 387  
Altoona, Kansas  
Special Financial Statements  
For the Fiscal Year Ended June 30, 2011

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Unified School District No. 387  
Altoona, Kansas  
Special Financial Statements  
For the Fiscal Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Education  
Unified School District No. 387  
Altoona, Kansas

We have audited the accompanying statutory basis financial statements of Unified School District No. 387 Altoona, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of Unified School District No. 387's, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Unified School District No. 387, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 387 as of June 30, 2011, or changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 387, as of June 30, 2011, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Unified School District No. 387's statutory basis financial statements. The information identified in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the statutory basis financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of the statutory basis financial statements, and, in our opinion, is fairly stated, in all material respects in relation to the statutory basis financial statements taken as a whole, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of Unified School District No. 387, and for filing with the Kansas Department of Education, the Kansas Department of Administration, Division of Accounts and Reports, the cognizant federal agency, and other federal audit agencies. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Respectfully Submitted,

*Schlatterbeck and Burns, L.L.C.*

January 19, 2012

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Unified School District No. 387  
Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended June 30, 2011

Statement 1

		Beginning Unencumbered Cash Balance	Beginning Balance Adjustment	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:								
General	(3)	\$ 21	486	1,871,647	1,871,647	507	40,884	41,391
Supplemental General	(3)	99,095	31	419,180	415,347	102,959	58,641	161,600
Special Revenue:								
At Risk (4 Year Old)		78,636		5,001	24,213	59,424	27	59,451
At Risk (K-12)		94,805		177,012	169,674	102,143	1,099	103,242
Capital Outlay		727,916		66,998	56,864	738,050	13,083	751,133
Driver Training		9,386		6,000	2,560	12,826		12,826
Food Service	(3)	56,331	155	130,325	130,540	56,271	15,583	71,854
Professional Development		22,975		5,000	594	27,381	16	27,397
Special Education	(3)	237,786	40	327,163	296,881	268,108	264	268,372
Vocational Education		93,577		95,440	92,664	96,353	737	97,090
Gifts and Grants		11,052		940	3,869	8,123	599	8,722
KPERS Special Retirement Contribution	(2)	( 42,491 )	( 25,714 )	117,811	98,432	( 48,826 )	48,826	
Contingency Reserve		217,843				217,843		217,843
21st Century Community Learning Centers		1				1		1
Technology Literacy Challenge (Title II-D)				1,024	1,024			
Rural Education Achievement Program		( 900 )		11,700	10,800			
Low Income ESEA (Title I)		1		41,748	41,748	1	43	44
Improving Teacher Quality (Title II-A)				20,028	20,308	( 280 )	976	696
Concurrent Classes				4,192	4,192			
Gate Receipts		506		9,303	9,414	395		395
Special Projects		2,476		9,765	8,521	3,720		3,720
Total Primary Government (1)		<u>1,609,016</u>	<u>( 25,002 )</u>	<u>3,320,277</u>	<u>3,259,292</u>	<u>1,644,999</u>	<u>180,778</u>	<u>1,825,777</u>

Composition of Cash:

Cash and Cash Items on Hand		1,345
Demand Deposits		1,693,168
Due from St of Ks (Recognized per KSA 10-1116a)		154,677
Less: Agency Funds per Statement 4	(	23,410)
Adjustment for Rounding	(	3)
Total Primary Government (1)		<u>1,825,777</u>

(1) Excluding Agency Funds

(2) Prior Year Encumbrances Increased

(3) Beg Bal Adjust - Prior Year Encumbrances Cancelled

See accompanying notes to financial statements

Unified School District No. 387  
Summary of Expenditures - Actual and Budget  
(Budgeted Funds Only)  
For the Year Ended June 30, 2011

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Statement 2

	<u>Certified Budget</u>	<u>Legal Max. Adjustment</u>	<u>Qualified Budget Cr. Adjustment</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental Type Funds:						
General	\$ 1,903,694	( 32,044)		1,871,650	1,871,647	3
Supplemental General	500,000			500,000	415,347	84,653
Special Revenue:						
At Risk (4 Year Old)	28,810			28,810	24,213	4,597
At Risk (K-12)	221,670			221,670	169,674	51,996
Capital Outlay	690,000			690,000	56,864	633,136
Driver Training	9,105			9,105	2,560	6,545
Food Service	170,670		10,229	180,899	130,540	50,359
Professional Development	22,950			22,950	594	22,356
Special Education	441,800			441,800	296,881	144,919
Vocational Education	143,100		441	143,541	92,664	50,877
Gifts and Grants	12,038			12,038	3,869	8,169
KPERS Special Retirement Contribution	106,360			106,360	98,432	7,928
Totals	<u>4,250,197</u>	<u>( 32,044)</u>	<u>10,670</u>	<u>4,228,823</u>	<u>3,163,285</u>	<u>1,065,538</u>

See accompanying notes to financial statements



General Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavor)
		Current Year Actual	Budget	
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 510,769	349,058	369,845	( 20,787)
Delinquent Taxes	2,217	3,523	8,255	( 4,732)
Total Revenue from Local Sources	512,986	352,581	378,100	( 25,519)
Revenue from State Sources				
State Financial Aid	1,097,367	1,190,590	1,226,058	( 35,468)
Mineral Production Tax	10,414	13,085	8,000	5,085
Special Education Aid	204,348	220,631	225,000	( 4,369)
Total Revenue from State Sources	1,312,129	1,424,306	1,459,058	( 34,752)
Revenue from Federal Sources				
ARRA Grant	95,030	34,446	34,446	
Other Federal Financial Assistance		60,314		60,314
Total Revenue from Federal Sources	95,030	94,760	34,446	60,314
Total Cash Receipts	1,920,145	1,871,647	1,871,604	43
Expenditures and Transfers				
Instruction				
Certified Salaries	690,974	658,394	667,000	8,606
Non-Certified Salaries		57		( 57)
Group Insurance	23,683	30,640	25,000	( 5,640)
Social Security Contributions	50,498	47,018	50,500	3,482
Other Employee Benefits	25,289	27,238	21,335	( 5,903)
Purchased Professional and Technical Services	500	761	500	( 261)
Other Miscellaneous Purchased Services	2,093	3,829	2,300	( 1,529)
General Supplies and Materials	23,991	25,230	24,000	( 1,230)
Textbooks	2,012	783	2,061	1,278
Property ( Equipment & Furnishings)	22,331		10,000	10,000
Other	8,597	10,286	8,000	( 2,286)
Total Instruction	849,968	804,236	810,696	6,460
Support Services - Students				
Certified Salaries	53,448	69,692	67,000	( 2,692)
Group Insurance	2,400	4,500	3,100	( 1,400)
Social Security Contributions	3,057	4,237	5,500	1,263
Other Employee Benefits	642	966	900	( 66)
Supplies and Materials	487	182	500	318
Property ( Equipment & Furnishings)		147		( 147)
Other	225	270	300	30
Total Support Services - Students	60,259	79,994	77,300	( 2,694)
Support Services - Instructional Staff				
Certified Salaries	21,829	22,333	24,800	2,467
Non-Certified Salaries	13,259	12,693	15,000	2,307
Social Security Contributions	2,677	2,666	3,000	334
Other Employee Benefits	506	622	550	( 72)
Purchased Professional and Technical Services	599	599		( 599)
Other Purchased Services			600	600
Books and Periodicals	489	368	500	132
Miscellaneous Supplies		54		( 54)
Other	40	56	40	( 16)
Total Support Services - Instructional Staff	39,399	39,391	44,490	5,099
Support Services - General Administration				
Certified Salaries	44,200	44,200	44,500	300
Non-Certified Salaries	53,196	46,735	54,000	7,265
Group Insurance	2,240	4,906	5,500	594
Social Security Contributions	7,348	6,698	7,600	902
Other Employee Benefits	10,530	10,533	11,000	467
Purchased Professional and Technical Services	7,588	3,783	8,000	4,217

See accompanying notes to financial statements

General Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Current Year		
		Prior Year Actual	Current Year Actual	Budget Variance Favorable (Unfavor)
Insurance Services	\$	272	444	300 ( 144)
Communication Services		3,541	2,849	3,600 751
Other Miscellaneous Purchased Services		178	20	180 160
Supplies and Materials		940	8,924	1,000 ( 7,924)
Property ( Equipment & Furnishings)		915		
Other		6,078	5,440	6,500 1,060
Total Support Services - General Administration		137,026	134,532	142,180 7,648
Support Services - School Administration				
Certified Salaries		99,645	89,823	107,000 17,177
Non-Certified Salaries		23,277	24,883	25,000 117
Group Insurance		2,880	1,634	3,000 1,366
Social Security Contributions		9,155	8,728	10,100 1,372
Other Employee Benefits		12,939	7,707	12,000 4,293
Purchased Professional and Technical Services				1,400 1,400
Communication Services		4,357	4,289	4,500 211
Supplies and Materials		1,107	1,123	1,000 ( 123)
Other		1,728	1,231	300 ( 931)
Total Support Services - School Administration		155,088	139,418	164,300 24,882
Support Services - Plant Operation and Maintenance				
Non-Certified Salaries		73,173	79,003	77,000 ( 2,003)
Group Insurance		7,200	9,000	9,000
Social Security Contributions		5,213	5,639	5,900 261
Other Employee Benefits		1,532	1,226	1,600 374
Water/Sewer Services (Non-Energy)		3,995	4,312	4,500 188
Repairs and Maintenance Services		22,953	16,730	17,000 270
Repair of Buildings		19,463	2,434	7,000 4,566
Insurance Services		18,311	19,115	19,000 ( 115)
Other Miscellaneous Purchased Services		5,225	7,439	5,300 ( 2,139)
General Supplies and Materials		25,752	22,032	25,000 2,968
Heating		22,524	17,877	23,000 5,123
Electricity		32,187	37,072	33,000 ( 4,072)
Motor Fuel		966	1,173	1,200 27
Property ( Equipment & Furnishings)			3,763	3,500 ( 263)
Other		30	148	100 ( 48)
Total Support Services - Plant Operation and Maintenance		238,524	226,963	232,100 5,137
Vehicle Operation Services				
Non-Certified Salaries		53,702	50,377	55,000 4,623
Group Insurance		5,400	6,750	6,750
Social Security Contributions		3,656	3,324	4,200 876
Other Employee Benefits		817	854	800 ( 54)
Insurance Services		5,408	5,734	5,500 ( 234)
Motor Fuel		28,390	33,865	30,000 ( 3,865)
Equipment			2,083	( 2,083)
Total Vehicle Operation Services		97,373	102,987	102,250 ( 737)
Vehicle Servicing and Maintenance Services				
Purchased Professional and Technical Services		6,871	12,213	7,000 ( 5,213)
Supplies and Materials		2,006	7,540	3,500 ( 4,040)
Other		992	339	1,000 661
Total Vehicle Servicing and Maintenance Services		9,869	20,092	11,500 ( 8,592)
Other Student Transportation Services				
Other		1,762	1,393	2,013 620
Fund Transfers				
Capital Outlay		40,500	40,000	( 40,000)
Driver Training			5,000	( 5,000)
Special Education		204,675	220,631	225,000 4,369
Vocational Education		50,000	15,000	50,000 35,000
At Risk (4yr Old)		15,000		
At Risk (K-12)		20,700	42,010	41,865 ( 145)

See accompanying notes to financial statements

General Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Current Year		
		Prior Year Actual	Current Year Actual	Budget
Total Fund Transfers	\$	<u>330,875</u>	<u>322,641</u>	<u>316,865</u>
Budget Adjustments				
Legal Max Adjustment				( 32,044 )
Total Expenditures and Transfers		<u>1,920,143</u>	<u>1,871,647</u>	<u>1,871,650</u>
Receipts Over (Under)				
Unencumbered Cash, Beginning			21	
Expenditures and Transfers		2		
Prior Year Encumbrances Cancelled		<u>19</u>	<u>486</u>	
Unencumbered Cash, Ending		<u>21</u>	<u>507</u>	

See accompanying notes to financial statements

Supplemental General Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Ad Valorem Taxes	\$ 465,022	370,814	354,325	16,489
Delinquent Taxes	3,606	5,129	7,498	( 2,369)
Total Revenue from Local Sources	468,628	375,943	361,823	14,120
Revenue from County Sources				
Motor Vehicle Tax	30,392	42,627	38,494	4,133
Recreational Vehicle Tax	423	610	588	22
Total Revenue from County Sources	30,815	43,237	39,082	4,155
Total Cash Receipts	499,443	419,180	400,905	18,275
Expenditures and Transfers				
Instruction				
Purchased Professional and Technical Services	3,368	9,146	3,500	( 5,646)
General Supplies and Materials	3,911	5,285	4,000	( 1,285)
Textbooks		908		( 908)
Property ( Equipment & Furnishings)	450	676		( 676)
Other	3,550	2,250	4,500	2,250
Total Instruction	11,279	18,265	12,000	( 6,265)
Support Services - Students				
Purchased Professional and Technical Services	17,773	18,048	16,000	( 2,048)
Support Services - Instructional Staff				
Purchased Professional and Technical Services	2,185	5,489	2,200	( 3,289)
Support Services - School Administration				
Supplies and Materials	163	261		( 261)
Support Services - Plant Operation and Maintenance				
Other Purchased Property Services	508	11,686		( 11,686)
Other Miscellaneous Purchased Services	225			
Supplies and Materials	1,332	12,545		( 12,545)
Heating	2,859		5,000	5,000
Electricity	2,978		5,000	5,000
Property ( Equipment & Furnishings)		1,620		( 1,620)
Other	1,850		2,200	2,200
Total Support Services - Plant Operation and Maintenance	9,752	25,851	12,200	( 13,651)
Vehicle Operation Services				
Equipment		4,433	355,600	351,167
Fund Transfers				
Driver Training	5,000			
Food Service	35,000	15,000		( 15,000)
Professional Development	5,000	5,000		( 5,000)
Special Education	95,000	103,000		( 103,000)
Vocational Education	81,138	80,000		( 80,000)
At Risk (4yr Old)	35,000	5,000	17,000	12,000
At Risk (K-12)	177,980	135,000	85,000	( 50,000)
Total Fund Transfers	434,118	343,000	102,000	( 241,000)
Total Expenditures and Transfers	475,270	415,347	500,000	84,653
Receipts Over (Under)				
Expenditures and Transfers	24,173	3,833		
Unencumbered Cash, Beginning	74,478	99,095		
Prior Year Encumbrances Cancelled	444	31		
Unencumbered Cash, Ending	99,095	102,959		

See accompanying notes to financial statements

At Risk (4 Year Old) Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 15,000			
Transfer from Supplemental General Fund	35,001	5,001	17,000	( 11,999)
Total Cash Receipts	<u>50,001</u>	<u>5,001</u>	<u>17,000</u>	<u>( 11,999)</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	10,053	5,844	12,000	6,156
Non-Certified Salaries		230		( 230)
Group Insurance	3,170	4,020	3,200	( 820)
Social Security Contributions	2,930	2,917	3,000	83
Other Employee Benefits	149	113	150	37
General Supplies and Materials	274	384	500	116
Total Instruction	<u>16,576</u>	<u>13,508</u>	<u>18,850</u>	<u>5,342</u>
Vehicle Operation Services				
Non-Certified Salaries	5,804	6,414	6,000	( 414)
Social Security Contributions	381	398		( 398)
Other Employee Benefits	99	96	460	364
Motor Fuel	3,138	3,797	3,500	( 297)
Total Vehicle Operation Services	<u>9,422</u>	<u>10,705</u>	<u>9,960</u>	<u>( 745)</u>
Total Expenditures and Transfers	<u>25,998</u>	<u>24,213</u>	<u>28,810</u>	<u>4,597</u>
Receipts Over (Under)				
Unencumbered Cash, Beginning	54,583	78,636		
Expenditures and Transfers	24,003	( 19,212)		
Prior Year Encumbrances Cancelled	<u>50</u>			
Unencumbered Cash, Ending	<u>78,636</u>	<u>59,424</u>		

See accompanying notes to financial statements

At Risk (K-12) Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Operating Transfers				
Transfer from General Fund	\$ 20,700	42,010	41,865	145
Transfer from Supplemental General Fund	177,981	135,002	85,000	50,002
Total Cash Receipts	<u>198,681</u>	<u>177,012</u>	<u>126,865</u>	<u>50,147</u>
Expenditures and Transfers				
Instruction				
Certified Salaries	132,106	130,840	181,000	50,160
Non-Certified Salaries	5,110	11,013	5,500	( 5,513)
Group Insurance	5,256	7,300	7,200	( 100)
Social Security Contributions	9,887	10,416	13,500	3,084
Other Employee Benefits	10,179	9,110	14,470	5,360
General Supplies and Materials	222	583		( 583)
Other	46			
Total Instruction	<u>162,806</u>	<u>169,262</u>	<u>221,670</u>	<u>52,408</u>
Support Services - Students				
Social Security Contributions		17		( 17)
Other Employee Benefits		1		( 1)
Motor Fuel		183		( 183)
Total Support Services - Students		<u>201</u>		<u>( 201)</u>
Vehicle Operation Services				
Non-Certified Salaries		211		( 211)
Total Expenditures and Transfers	<u>162,806</u>	<u>169,674</u>	<u>221,670</u>	<u>51,996</u>
Receipts Over (Under)				
Unencumbered Cash, Beginning	58,930	94,805		
Expenditures and Transfers	<u>35,875</u>	<u>7,338</u>		
Unencumbered Cash, Ending	<u>94,805</u>	<u>102,143</u>		

Capital Outlay Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Earnings on Investments	\$ 25,991	19,852	30,000	( 10,148)
Other Revenue From Local Sources	38,225	7,146	40,000	( 32,854)
Total Revenue from Local Sources	<u>64,216</u>	<u>26,998</u>	<u>70,000</u>	<u>( 43,002)</u>
Operating Transfers				
Transfer from General Fund	40,500	40,000		40,000
Total Cash Receipts	<u>104,716</u>	<u>66,998</u>	<u>70,000</u>	<u>( 3,002)</u>
Expenditures and Transfers				
Instruction				
Property ( Equipment & Furnishings)	<u>13,345</u>	<u>18,146</u>	<u>100,000</u>	<u>81,854</u>
Support Services - General Administration				
Property ( Equipment & Furnishings)		1,149		( 1,149)
Support Services - Plant Operation and Maintenance				
Property ( Equipment & Furnishings)	<u>1,833</u>	<u>4,138</u>	<u>100,000</u>	<u>95,862</u>
Student Transportation Services				
Property ( Equipment & Furnishings)			150,000	150,000
Facilities Acquisition and Construction Services				
Construction Services (Outside Contractors)		7,280		( 7,280)
Site Improvement Services	2,072	19,538		( 19,538)
Building Repair and Remodeling	<u>5,355</u>	<u>6,613</u>	<u>340,000</u>	<u>333,387</u>
Total Facilities Acquisition and Construction Services	<u>7,427</u>	<u>33,431</u>	<u>340,000</u>	<u>306,569</u>
Total Expenditures and Transfers	<u>22,605</u>	<u>56,864</u>	<u>690,000</u>	<u>633,136</u>
Receipts Over (Under)				
Expenditures and Transfers	82,111	10,134		
Unencumbered Cash, Beginning	<u>645,805</u>	<u>727,916</u>		
Unencumbered Cash, Ending	<u>727,916</u>	<u>738,050</u>		

See accompanying notes to financial statements

Driver Training Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Other Revenue From Local Sources	\$ 336	482		482
Revenue from State Sources				
State Financial Aid			490	( 490)
Other State Aid	450	518		518
Total Revenue from State Sources	450	518	490	28
Operating Transfers				
Transfer from General Fund		5,000		5,000
Transfer from Supplemental General Fund	5,001			
Total Operating Transfers	5,001	5,000		5,000
Total Cash Receipts	5,787	6,000	490	5,510
Expenditures and Transfers				
Instruction				
Certified Salaries	3,000	1,350	3,000	1,650
Social Security Contributions	230	103	230	127
Other Employee Benefits	60	46	75	29
General Supplies and Materials		675		( 675)
Total Instruction	3,290	2,174	3,305	1,131
Vehicle Operation and Maintenance Services				
Purchased Professional and Technical Services	410		500	500
Equipment and Vehicle Services			5,000	5,000
Motor Fuel	259	386	300	( 86)
Total Vehicle Operation and Maintenance Services	669	386	5,800	5,414
Total Expenditures and Transfers	3,959	2,560	9,105	6,545
Receipts Over (Under)				
Expenditures and Transfers	1,828	3,440		
Unencumbered Cash, Beginning	7,558	9,386		
Unencumbered Cash, Ending	9,386	12,826		

See accompanying notes to financial statements



Food Service Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Earnings on Investments	\$ 721	618	700	( 82)
Student Sales	25,216	23,647	29,496	( 5,849)
Adults and Non-Reimbursable Programs	10,610	8,479	12,844	( 4,365)
Other Revenue From Local Sources	37			
Total Revenue from Local Sources	<u>36,584</u>	<u>32,744</u>	<u>43,040</u>	<u>( 10,296)</u>
Revenue from State Sources				
Other State Aid	<u>1,222</u>	<u>1,176</u>	<u>984</u>	<u>192</u>
Revenue from Federal Sources				
Passed Through State of Kansas	<u>74,352</u>	<u>81,405</u>	<u>71,176</u>	<u>10,229</u>
Operating Transfers				
Transfer from Supplemental General Fund	<u>35,000</u>	<u>15,000</u>		<u>15,000</u>
Total Cash Receipts	<u>147,158</u>	<u>130,325</u>	<u>115,200</u>	<u>15,125</u>
Expenditures and Transfers				
Support Services - Plant Operation and Maintenance				
Non-Certified Salaries	7,757	7,257	7,800	543
Social Security Contributions	549	519	550	31
Other Employee Benefits	120	140	120	( 20)
Property ( Equipment & Furnishings)		1,234		( 1,234)
Total Support Services - Plant Operation and Maintenance	<u>8,426</u>	<u>9,150</u>	<u>8,470</u>	<u>( 680)</u>
Food Service Operations				
Non-Certified Salaries	55,130	53,397	60,000	6,603
Social Security Contributions	4,224	4,124	4,600	476
Other Employee Benefits	875	1,228	900	( 328)
Food and Milk	59,284	55,555	75,000	19,445
Miscellaneous Supplies	2,620	3,074	3,000	( 74)
Property ( Equipment & Furnishings)	1,216		1,500	1,500
Other	<u>6,204</u>	<u>4,012</u>	<u>17,200</u>	<u>13,188</u>
Total Food Service Operations	<u>129,553</u>	<u>121,390</u>	<u>162,200</u>	<u>40,810</u>
Budget Credit Adjustment			<u>10,229</u>	<u>10,229</u>
Total Expenditures and Transfers	<u>137,979</u>	<u>130,540</u>	<u>180,899</u>	<u>50,359</u>
Receipts Over (Under)				
Expenditures and Transfers	9,179	( 215)		
Unencumbered Cash, Beginning	47,135	56,331		
Prior Year Encumbrances Cancelled	<u>17</u>	<u>155</u>		
Unencumbered Cash, Ending	<u>56,331</u>	<u>56,271</u>		

Unified School District No. 387  
Professional Development Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavor)
		Current Year Actual	Budget	
Cash Receipts				
Operating Transfers				
Transfer from Supplemental General Fund	\$ 5,000	5,000		5,000
Total Cash Receipts	<u>5,000</u>	<u>5,000</u>	<u></u>	<u>5,000</u>
Expenditures and Transfers				
Support Services - Instructional Staff				
Certified Salaries	675		5,000	5,000
Social Security Contributions	52		400	400
Other Employee Benefits	19	16	50	34
Purchased Professional and Technical Services			15,000	15,000
Other	<u>1,773</u>	<u>578</u>	<u>2,500</u>	<u>1,922</u>
Total Expenditures and Transfers	<u>2,519</u>	<u>594</u>	<u>22,950</u>	<u>22,356</u>
Receipts Over (Under)				
Expenditures and Transfers	2,481	4,406		
Unencumbered Cash, Beginning	<u>20,494</u>	<u>22,975</u>		
Unencumbered Cash, Ending	<u>22,975</u>	<u>27,381</u>		

See accompanying notes to financial statements

Special Education Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Other Revenue From Local Sources	\$ 1,550	3,531		3,531
Operating Transfers				
Transfer from General Fund	204,674	220,632	225,000	( 4,368)
Transfer from Supplemental General Fund	95,000	103,000		103,000
Total Operating Transfers	299,674	323,632	225,000	98,632
Total Cash Receipts	301,224	327,163	225,000	102,163
Expenditures and Transfers				
Instruction				
Certified Salaries	3,351	1,948	3,500	1,552
Group Insurance	1,057	1,340	1,150	( 190)
Social Security Contributions	977	545	1,000	455
LEA Payments to COOP (Local Share)	74,972	70,329	100,000	29,671
LEA Payments to COOP (Flowthrough)	186,367	200,639	270,000	69,361
General Supplies and Materials	15	189		( 189)
Miscellaneous Supplies	569			
Total Instruction	267,308	274,990	375,650	100,660
Vehicle Operation Services				
Non-Certified Salaries	10,675	12,036	20,000	7,964
Social Security Contributions	808	912	2,000	1,088
Other Employee Benefits	142	235	500	265
Insurance Services	347	364	400	36
Motor Fuel	2,354	3,677	4,000	323
Total Vehicle Operation Services	14,326	17,224	26,900	9,676
Vehicle Servicing and Maintenance Services				
Purchased Professional and Technical Services	190	867	500	( 367)
Supplies and Materials	4	4		( 4)
Other	101	113	250	137
Total Vehicle Servicing and Maintenance Services	295	984	750	( 234)
Other Student Transportation Services				
Property ( Equipment & Furnishings)			31,000	31,000
Other	4,958	3,683	7,500	3,817
Total Other Student Transportation Services	4,958	3,683	38,500	34,817
Total Expenditures and Transfers	286,887	296,881	441,800	144,919
Receipts Over (Under)				
Expenditures and Transfers	14,337	30,282		
Unencumbered Cash, Beginning	223,449	237,786		
Prior Year Encumbrances Cancelled		40		
Unencumbered Cash, Ending	237,786	268,108		

Unified School District No. 387  
Vocational Education Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Reimbursements	\$ 512			
Other Sources				
Reimbursements	1,211	441		441
Operating Transfers				
Transfer from General Fund	50,000	15,000	50,000	( 35,000)
Transfer from Supplemental General Fund	81,139	79,999		79,999
Total Operating Transfers	131,139	94,999	50,000	44,999
Total Cash Receipts	132,862	95,440	50,000	45,440
Expenditures and Transfers				
Instruction				
Certified Salaries	91,233	74,102	90,000	15,898
Group Insurance	3,600	4,125	6,500	2,375
Social Security Contributions	6,640	5,217	6,700	1,483
Other Employee Benefits	6,627	1,455	1,500	45
Other Miscellaneous Purchased Services		30		( 30)
General Supplies and Materials	3,734	2,411	3,500	1,089
Textbooks		41		( 41)
Miscellaneous Supplies		26		( 26)
Property ( Equipment & Furnishings)	1,034		1,500	1,500
Total Instruction	112,868	87,407	109,700	22,293
Support Services - Plant Operation and Maintenance				
Repairs and Maintenance Services	379		3,000	3,000
Other Purchased Services	420	420		( 420)
Heating	2,582	2,039	4,200	2,161
Electricity	2,436	2,798	3,200	402
Property ( Equipment & Furnishings)			23,000	23,000
Total Support Services - Plant Operation and Maintenance	5,817	5,257	33,400	28,143
Budget Credit Adjustment			441	441
Total Expenditures and Transfers	118,685	92,664	143,541	50,877
Receipts Over (Under)				
Operating Transfers				
Unencumbered Cash, Beginning				
Operating Transfers				
Expenditures and Transfers	14,177	2,776		
Unencumbered Cash, Beginning	79,400	93,577		
Unencumbered Cash, Ending	93,577	96,353		

See accompanying notes to financial statements

Gifts and Grants Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year		
		Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from Local Sources				
Earnings on Investments	\$ 233	195		195
Donations	333	745	1,000	( 255)
Total Cash Receipts	<u>566</u>	<u>940</u>	<u>1,000</u>	<u>( 60)</u>
Expenditures and Transfers				
Support Services - Instructional Staff				
Supplies and Materials	599	599		( 599)
Books and Periodicals		20	12,038	12,018
Technology Supplies	2,752	1,303		( 1,303)
Miscellaneous Supplies		130		( 130)
Property ( Equipment & Furnishings)		1,451		( 1,451)
Total Support Services - Instructional Staff	<u>3,351</u>	<u>3,503</u>	<u>12,038</u>	<u>8,535</u>
Food Service Operations				
Food and Milk	238	366		( 366)
Total Expenditures and Transfers	<u>3,589</u>	<u>3,869</u>	<u>12,038</u>	<u>8,169</u>
Receipts Over (Under)				
Expenditures and Transfers	( 3,023)	( 2,929)		
Unencumbered Cash, Beginning	<u>14,075</u>	<u>11,052</u>		
Unencumbered Cash, Ending	<u>11,052</u>	<u>8,123</u>		

See accompanying notes to financial statements

Unified School District No. 387  
KPERs Special Retirement Contribution Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Current Year		
	Prior Year Actual	Current Year Actual	Budget	Variance Favorable (Unfavor)
Cash Receipts				
Revenue from State Sources				
Other State Aid	\$ 47,487	117,811	106,360	11,451
Total Cash Receipts	<u>47,487</u>	<u>117,811</u>	<u>106,360</u>	<u>11,451</u>
Expenditures and Transfers				
Instruction				
Employee Benefits	<u>54,347</u>	<u>62,144</u>	<u>64,241</u>	<u>2,097</u>
Support Services - Students				
Employee Benefits	<u>3,239</u>	<u>4,644</u>	<u>3,830</u>	( <u>814</u> )
Support Services - Instructional Staff				
Employee Benefits	<u>2,339</u>	<u>3,077</u>	<u>2,766</u>	( <u>311</u> )
Support Services - General Administration				
Employee Benefits	<u>8,098</u>	<u>4,498</u>	<u>9,573</u>	<u>5,075</u>
Support Services - School Administration				
Employee Benefits	<u>8,188</u>	<u>6,248</u>	<u>9,678</u>	<u>3,430</u>
Support Services - Plant Operation and Maintenance				
Employee Benefits	<u>4,769</u>	<u>7,314</u>	<u>5,638</u>	( <u>1,676</u> )
Student Transportation Services				
Employee Benefits	<u>5,219</u>	<u>5,782</u>	<u>6,168</u>	<u>386</u>
Food Service Operations				
Employee Benefits	<u>3,779</u>	<u>4,725</u>	<u>4,466</u>	( <u>259</u> )
Total Expenditures and Transfers	<u>89,978</u>	<u>98,432</u>	<u>106,360</u>	<u>7,928</u>
Receipts Over (Under)				
Expenditures and Transfers	( 42,491 )	19,379		
Unencumbered Cash, Beginning		( 42,491 )		
Beginning Balance Adjustment		( 25,714 )		
Unencumbered Cash, Ending	<u>( 42,491 )</u>	<u>( 48,826 )</u>		

See accompanying notes to financial statements

Unified School District No. 387  
Contingency Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
None	\$	
Expenditures and Transfers		
None		
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning	217,843	217,843
Unencumbered Cash, Ending	217,843	217,843

See accompanying notes to financial statements

Unified School District No. 387  
21st Century Community Learning Centers Fund  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
None	\$	
Expenditures and Transfers		
None		
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning	1	1
Unencumbered Cash, Ending	1	1

See accompanying notes to financial statements



Unified School District No. 387  
Technology Literacy Challenge (Title II-D) Fund  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Federal Sources		
Passed Through State of Kansas	\$	146
**** NOT FOUND ****		
ARRA Grant		878
Total Cash Receipts		1,024
Expenditures and Transfers		
Instruction		
Purchased Professional and Technical Services		1,024
Total Expenditures and Transfers		1,024
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning		
Unencumbered Cash, Ending		

See accompanying notes to financial statements

Unified School District No. 387  
Rural Education Achievement Program Fund  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Federal Sources		
Direct From Federal Government	\$ 9,900	10,800
Total Cash Receipts	<u>9,900</u>	<u>10,800</u>
Expenditures and Transfers		
Instruction		
Purchased Professional and Technical Services	<u>10,800</u>	<u>10,800</u>
Total Expenditures and Transfers	<u>10,800</u>	<u>10,800</u>
Receipts Over (Under)		
Expenditures and Transfers	( 900)	
Unencumbered Cash, Beginning		( 900)
Unencumbered Cash, Ending	<u>( 900)</u>	<u>( 900)</u>

See accompanying notes to financial statements

Unified School District No. 387  
Special Mini-Grants Fund  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from County Sources		
Passed Through State of Kansas	\$ 989	
Total Cash Receipts	<u>989</u>	
Expenditures and Transfers		
Instruction		
	<u>992</u>	
Total Expenditures and Transfers	<u>992</u>	
Receipts Over (Under)		
Expenditures and Transfers	( 3 )	
Unencumbered Cash, Beginning	<u>3</u>	
Unencumbered Cash, Ending	<u><u>3</u></u>	<u><u>3</u></u>

See accompanying notes to financial statements

Unified School District No. 387  
Low Income ESEA (Title I) Fund  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Federal Sources		
Passed Through State of Kansas	\$ 47,073	31,748
ARRA Grant	9,419	10,000
Total Cash Receipts	<u>56,492</u>	<u>41,748</u>
Expenditures and Transfers		
Instruction		
Certified Salaries	52,128	38,400
Social Security Contributions	3,977	2,940
Other Employee Benefits	59	267
Purchased Professional and Technical Services	235	
General Supplies and Materials	93	141
Total Expenditures and Transfers	<u>56,492</u>	<u>41,748</u>
Receipts Over (Under)		
Expenditures and Transfers		
Unencumbered Cash, Beginning	<u>1</u>	<u>1</u>
Unencumbered Cash, Ending	<u><u>1</u></u>	<u><u>1</u></u>

See accompanying notes to financial statements

Unified School District No. 387  
Improving Teacher Quality (Title II-A) Fund  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Federal Sources		
Passed Through State of Kansas	\$ 6,218	20,028
Total Cash Receipts	<u>6,218</u>	<u>20,028</u>
Expenditures and Transfers		
Instruction		
Certified Salaries	150	1,410
Social Security Contributions	11	103
Unemployment Compensation	1,908	
Other Employee Benefits		11
Purchased Professional and Technical Services	2,917	16,880
Other Purchased Services	<u>1,247</u>	<u>1,492</u>
Total Instruction	<u>6,233</u>	<u>19,896</u>
Vehicle Operation Services		
Non-Certified Salaries		211
Social Security Contributions		17
Other Employee Benefits		1
Motor Fuel		<u>183</u>
Total Vehicle Operation Services		<u>412</u>
Total Expenditures and Transfers	<u>6,233</u>	<u>20,308</u>
Receipts Over (Under)		
Expenditures and Transfers	( 15)	( 280)
Unencumbered Cash, Beginning	<u>15</u>	
Unencumbered Cash, Ending	<u><u>          </u></u>	<u><u>( 280)</u></u>

See accompanying notes to financial statements

Unified School District No. 387  
Concurrent Classes Fund  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended June 30, 2011  
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Revenue from Local Sources		
Other Revenue From Local Sources	\$ 10,656	4,192
Total Cash Receipts	<u>10,656</u>	<u>4,192</u>
Expenditures and Transfers		
Instruction		
Certified Salaries	10,656	4,192
Other Employee Benefits	<u>41</u>	<u></u>
Total Expenditures and Transfers	<u>10,697</u>	<u>4,192</u>
Receipts Over (Under)		
Expenditures and Transfers	( 41 )	
Unencumbered Cash, Beginning	<u>41</u>	<u></u>
Unencumbered Cash, Ending	<u><u></u></u>	<u><u></u></u>

See accompanying notes to financial statements

Altoona, Kansas

District Activity Funds

## Statement of Cash Receipts, Expenditures and Unencumbered Cash

For the Year Ended June 30, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Student Organization Funds:				
Middle School:				
Student Council	\$ 1	-	-	1
Pow Wow	1	521	228	294
Pep Club	264	253	517	
Music Club	431	-	-	431
Library	1	-	-	1
RIF		-	-	
Cheerleader	424	516	584	356
High School:				
Class of '07	815	-	166	649
Class of '08	425	-	166	259
Class of '09	76	-	76	
Class of '10	95	-	-	95
Class of '11	446	10,467	10,811	102
Class of '12	1,419	3,454	4,263	610
Class of '13	675	3,892	1,978	2,589
Class of '14	-	1,294	598	696
Cheerleader	628	2,508	2,424	712
Music/Band	2,483	1,046	1,485	2,044
KAYS	691	1,129	1,682	138
Student Council	324	2,416	2,537	203
FFA	309	3,543	4,001	(149)
Forensics	218	53	131	140
Drill Team	16	-	-	16
Art Club	974	157	527	604
Scholar Bowl	36	-	-	36
Occupational Home Ec.	166	-	-	166
FCCLA	744	1,515	1,693	566
Wrestler Scholarship	280	-	-	280
Science Club	-	1,000	-	1,000
Total Student Organizations	11,942	33,764	33,867	11,839
Other Agency Funds:				
Board Funds:				
Clearing	2,101	3,928	3,417	2,612
Agency	7,938	71,970	79,555	353
Middle School:				
Sales Tax	1	-	-	1
High School:				
Sales Tax		-	-	
Total Other Agency Funds:	10,040	75,898	82,972	2,966
Total Agency Funds	21,982	109,662	116,839	14,805

See accompanying notes to financial statements.

Unified School District No. 387  
 Altoona, Kansas  
 District Activity Funds  
 Statement of Cash Receipts, Expenditures and Unencumbered Cash  
For the Year Ended June 30, 2011

Statement 5

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
<u>Gate Receipts:</u>						
Middle School: Athletics	\$ 505	1,540	1,561	484		484
High School: Athletics		7,763	7,853	(90)		(90)
Subtotal Gate Receipts	505	9,303	9,414	394	-	394
<u>Special Projects:</u>						
Middle School: Clearing		-	-			
Partners in Education	889	-	-	889		889
High School: Library	246	2,511	2,521	236		236
Yearbook	1,196	4,609	4,175	1,630		1,630
Clearing	56	1,770	1,825	1		1
Football	11	-	-	11		11
Locks and Misc.		-	-			
Kansas Beef Account	80	-	-	80		80
Subtotal Special Projects	2,478	8,890	8,521	2,847	-	2,847
Total District Activity Funds	2,983	18,193	17,935	3,241	-	3,241

See accompanying notes to financial statements.



Unified School District No. 387  
 Altoona, Kansas  
 Statement of Changes in Long Term Debt  
For the Year Ended June 30, 2010

Statement 6

<u>Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance end of Year</u>
<u>OUTSTANDING OBLIGATIONS:</u>									
<u>General Obligation Bonds:</u>									
None									-
<u>Capital Leases:</u>									
None									-
<u>Early Retirement Plan:</u>									
Contract Liability					\$ 79,243			(32,965)	46,278
<u>POTENTIAL OBLIGATIONS:</u>									
<u>Compensated Absences:</u>									
Sick Leave Maximum Potential Liability					88,813			15,426	104,239
					-				-
Total Long-Term Debt					168,056	-	-	(17,539)	150,517

See accompanying notes to financial statements.

Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

Note 1      Summary of Significant Accounting Policies

A.      Reporting Entity

Principles Used in Determining Scope of Entity

Altoona-Midway Unified School District No. 387 is a municipal corporation governed by an elected seven-member board. These financial statements present the school district as a primary government only. The school district has waived the application of accounting principles generally accepted in the United States of America and as such, has not included any component units in these financial statements.

B.      Basis of Presentation

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the school district for the year of 2011:

Governmental Funds:

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Fiduciary Funds:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, (c) Pension Trust Funds and (d) Agency Funds.

C.      Basis of Accounting

These financial statements are presented on a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are usually evidenced by a purchase order or written contract.

The District has obtained a waiver of generally accepted accounting principles from the State of Kansas which thereby requires this type of special reporting.

Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings and equipment owned by the School District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

D. Budgets

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The District made no such budget amendments during the 2011 fiscal year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds and the following special revenue funds of the District:

Contingency Reserve Fund  
Rural Education Achievement Program Fund  
Special Mini-Grants Fund  
Low Income ESEA Title I Fund  
Improving Teacher Quality (Title II-A) Grant Fund  
Concurrent Classes Fund  
Gate Receipts Fund  
Special Projects Fund

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

E. Assets, Liabilities, and Fund Equity

Cash

To facilitate better management of the District's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are credited to the special revenue funds designated by Kansas statutes.

Property Taxes and Other Receivables

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Investments

Statutes authorize the School District to invest in U.S. Treasury bills and notes, repurchase agreements, and the State Treasurer's investment pool. All investments must be insured, registered, or held by the School District or its agent in the District's name. The School District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the District.

Cash balances in all funds are considered in determining the amount to be invested and further, unless specifically designated, all investment income is credited to the special revenue funds designated by Kansas statutes.

Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase as required by State statutes. No physical inventories were taken at year end and no accounting controls exist for control of materials inventory.

Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

F. Revenues and Expenditures

Property Tax Revenue Recognition

Property taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 20th. Delinquent taxes are assessed interest at rates established by Kansas Statutes. This interest is retained by the county.

Taxes levied to finance the budget are made available to the school after January 1st and are distributed by the county treasurer approximately every month and a half. At least 50% of the taxes levied are available in January.

Reimbursed Expenses

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Vacation and Sick Pay

The school district's sick leave policy allows for tenured teachers to accumulate ten days sick leave per year to a maximum of sixty days. The school district pays tenured teachers for unused sick leave at termination or retirement up to a maximum of thirty days at the rate of \$35 per day. In addition, all teachers who have 30 days sick leave at the beginning of each fiscal period will be paid \$35 per day for any unused days accumulated during that fiscal period to a maximum of ten days. These days are still allowed to be accumulated to the maximum of sixty days.

Interfund Transactions

Quasi-external transactions are accounted for as revenue, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Note 2      Stewardship, Compliance, and Accountability

Compliance with Kansas Cash Basis Law

The State of Kansas pays the employers share of Kansas Public Employee Retirement System (KPERS ) for each unified school district throughout the state. The Kansas legislature, by statute, created a KPERS fund in each school district's accounting system. Each quarter, the State of Kansas automatically deposits then withdraws the KPERS amount attributable to each school district through each school district's KPERS fund. School district personnel have no control concerning these deposit and withdrawal transactions. As of June 30, 2011, the State of Kansas had not deposited nor withdrawn the KPERS amount attributable to Altoona-Midway Unified School District No. 387 in the amount of \$48,826. Since the liability was due and payable and the funds had not been received as of June 30, 2011, a cash basis violation resulted and is displayed as such in statement 1 in the amount of \$ ( 48,826). The State of Kansas subsequently deposited these funds in their entirety during July, 2011.

Improving Teacher Quality grant fund incurred a cash basis violation as of June 30, 2011 in the amount of \$280. This negative balance reflects an amount due from the State of Kansas in the form of Federal Financial Assistance pass through and was subsequently receive from the State.

Two high school activity accounts incurred cash basis violations. One in the amount of ninety dollars and the other in the amount of one hundred fifty dollars.

Compliance with Kansas Budget Law

No violations.

Compliance with Kansas Depository Security Law

No violations.

Note 3      Detail Notes on All Funds and Account Groups

A.    Assets:

Deposits and Investments

As of June 30, 2011, the school district held no investments.

K.S.A. 9-1401 establishes the depositories that may be used by the school district. The statute requires banks eligible to hold the school district's funds to have a main or branch bank in the school district and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The school district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 allows the school district to invest idle funds in time deposit-open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The school district has no investment policy that would further limit its investment choices.

Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

*Concentration of credit risk.* State statutes place no limit on the amount the school district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the school district's deposits may not be returned to it. State statutes require the school district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%.

At June 30, 2011, the carrying amount of the school district's deposits was \$1,693,168 and the bank balance was \$1,900,513. Of the bank balance, \$265,884 was secured by federal depository insurance, and \$1,634,629 was collateralized by securities held by the pledging financial institutions' agents in the school district's name.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the school district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured and the school district's investment policy requires 100% collateralization at all times.

General Fixed Assets

The School has not maintained a record of fixed assets used in performance of general governmental operations as required by generally accepted accounting principles.

The School has waived compliance with Generally Accepted Accounting Principles until June 30, 2011, in accordance with K.S.A. 75-1120(a).

B. Liabilities:

Defined Benefit Pension Plan

*Plan Description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 75-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (400 SW 8th Avenue, Suite 200; Topeka, KS 66603-2935) or by calling 1-800-228-0366.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. State law sets a limitation on annual increases in the contribution rates. The State of Kansas contributed 9.17% of covered payroll for the period July 1, 2010 through December 31, 2010 and 9.77% of covered payroll for the period January 1, 2011 through June 30, 2011. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for the school's employees for the years ending June 30, 2011, 2010 and 2009 were \$253,834,044, \$248,468,183, and \$242,277,363 respectively, equal to the statutory required contributions for each year.

Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

Other Employee Benefits

District policies allow employees to accumulate sick leave. Details of the maximum potential sick leave liability to the District are displayed at Statement 6.

District policies allow certain employees to exercise an option to retire early. Details of contract (exercised options) and potential (unexercised options) are displayed at Statement 6.

General Obligation Bonds

Kansas schools are limited to aggregate debt not to exceed 14% of assessed valuation of tangible taxable property within the district. The School District's assessed valuation at June 30, 2011 was \$20,154,000. There was no outstanding bonded indebtedness as of June 30, 2011. The resulting legal debt margin was \$ 2,821,560. The valuation of motor vehicles was not considered in the preceding computation.

C. Operating Transfers:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General Fund	At-Risk (K-12) Fund	K.S.A. 72-6428	\$ 42,010
General Fund	Special Education Fund	K.S.A. 72-6428	220,631
General Fund	Vocational Education Fund	K.S.A. 72-6428	15,000
General Fund	Capital Outlay Fund	K.S.A. 72-6428	40,000
Supplemental General	Special Education Fund	K.S.A. 72-6433	103,000
Supplemental General	At-Risk (4 Year Old) Fund	K.S.A. 72-6433	5,000
Supplemental General	At-Risk (K-12) Fund	K.S.A. 72-6433	135,000
Supplemental General	Vocational Education Fund	K.S.A. 72-6433	80,000
Supplemental General	Food Service Fund	K.S.A. 72-6433	15,000
Supplemental General	Professional Development Fund	K.S.A. 72-6433	5,000

Note 4      Reconciliation of Statement 1 and 2

Total Expenditures per Statement 2	\$ 3,163,285
Plus Non Budgeted Funds:	
Rural Education Achievement Program Grant	10,800
Technology Literacy Challenge (Title II-D)	1,024
Low Income ESEA Title I	41,748
Improving Teacher Quality (Title II-A) Grant	20,308
Concurrent Classes	4,192
Gate Receipts	9,414
Special Projects	<u>8,521</u>
Total Expenditures per Statement 1	<u>3,259,292</u>

Note 5      Joint Ventures

The School District is a participant in a joint venture agreement with seven other school districts for the operation of the ANW Special Education Cooperative. The Coop was formed under an inter-local agreement provided for by the Kansas Statutes. Each unified school district appoints one of its board members to serve as a member of the Coop governing board. Each school district's annual contribution to the coop is based upon full time enrollment plus other minor adjustment factors. The school district has an unrecorded value equity interest in the Coop which is based upon percentage of



Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

contribution. Complete separate statutory basis financial statements for the Coop are available at the ANW Special Education Cooperative administrative office at Humboldt, Kansas. The annual operations contribution to the Coop for the 2011 fiscal year by Unified School District No. 387 was in the amount of \$ 270,968 (\$70,329 local contribution and \$200,639 flow-through) which represents 4.23% of all contributions made by the eight participating school districts.

Note 6      Summary Disclosure of Significant Contingencies

Federally Assisted Programs - Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Note 7   Federal Financial Assistance

During 2011, the School District received federal assistance from the following programs:

Department of Education

Passed through Kansas Department of Education

84.367 Title II Improving Teacher Quality	\$ 20,027
84.010 Low Income ESEA Title I	31,748
84.318 Technology Literacy	503
84.386 Technology Literacy - ARRA	878
84.389 Low Income ESEA Title I - ARRA	10,000
84.394 States Fiscal Stabilization Fund	34,446
84.410 Education Jobs - ARRA	60,314

Direct from U S Department of Education

84.358 Rural Education Achievement Program	10,800
--------------------------------------------	--------

Department of Agriculture

Passed through Kansas Department of Education

10.553/.555 School Breakfast and School Lunch	81,403
-----------------------------------------------	--------

Note 9   Economic Dependency

The school district is economically dependent on state and federal financial assistance. The revenue from the state and federal governments in relation to total revenues are displayed below for the general fund, supplemental general fund and all other funds.

		<u>Total</u>	<u>State</u>		<u>Federal</u>	
		<u>Revenue</u>	<u>Aid</u>	<u>%</u>	<u>Aid</u>	<u>%</u>
General Fund		1,871,647	1,424,306	76.1	94,760	5.1
Supplemental General		419,180		0.0		-
Other Funds	986,058					
Less: Operating Transfers	(660,644)	325,414	63,931	19.6	155,360	47.7
Total All Funds		<u>2,616,241</u>	<u>1,488,237</u>	<u>56.9</u>	<u>250,120</u>	<u>9.6</u>

Unified School District No. 387  
Altoona, Kansas  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2011

Note 10      Compliance with K.S.A. 10-1116a(b), K.S.A 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the School District to record any payment of General State Aid that is due to be paid during the month of June, but is not paid to the School District until after June 30, as a receipt for the fiscal year ending on June 30. The amount of this payment due to the school district's general fund was \$154,677. This amount is displayed in the composition of cash section in statement 1 as "Due from the State of Kansas".

Unified School District No. 387  
Altoona, Kansas  
Schedule of Insurance Policies in Force  
January 19, 2012

<u>Name</u>	<u>Policy Number</u>	<u>Expires</u>	<u>Coverage</u>
<u>Employer Mutual Casualty Company</u>			
Commercial General Liability			
General Aggregate Limit (Other than PCO)		\$	1,000,000
Products-Completed Operation Aggregate Limit			1,000,000
Personal and Advertising Injury Limit			500,000
Each Occurrence Limit			500,000
Fire Damage Limit (Any One Fire)			100,000
Medical Expense Limit (Any One Person)	OD5-91-54-12	3/7/2012	5,000
Commercial Property Declaration			
Buildings (90% Coinsurance, \$500 Ded)			8,133,628
Personal Property			1,604,623
Property in open-building			74,020
Property Off Premise/In Transit (\$250 Ded)	0A5-91-54-12	3/7/2012	50,000
Workers Compensation and Employer Liability			
Bodily Injury by Accident (each accident)			500,000
Bodily Injury by Disease (policy limit)			500,000
Bodily Injury by Disease (each employee)	0H5-91-54-12	3/7/2012	500,000
Vehicle Fleet Coverage			
Liability			
Combined Bodily Injury/Property Damage			1,000,000
Medical - Each Person			2,000
Uninsured Motorists			1,000,000
Underinsured Motorists			1,000,000
Comprehensive (\$100 Ded)			A.C.V.
Collision (\$250 Ded)	0E5-91-54-12	3/7/2012	A.C.V.
School Leaders Errors and Omissions			
Each Loss			1,000,000
Aggregate for each Policy Term Liability Limit (\$1,000 Ded)	0K5-91-54-12	3/7/2012	1,000,000

Unified School District No. 387  
Altoona, Kansas  
Fidelity Bonds of Officers and Employees  
June 30, 2010

Schedule 2

<u>Name</u>	<u>Bond Number</u>	<u>Expires</u>	<u>Amount</u>
<u>Western Surety Company</u>			
Public Employees Blanket Bond	58144074	Indefinite \$	5,000
Treasurer's Position Schedule Bond	58456374	7/1/2011	20,000